NARDeP
National Agricultural &
Rural Development Policy Center
A Regional Rural Development Centers Initiative

DATA BRIEF
DATA BRIEF 1/APRIL 2013

WHERE THE JOBS WENT AFTER 2007

By Stephan J. Goetz, Scott Loveridge and Don E. Albrecht

The Great Post-Recession Flip: The reversal in the pattern of counties gaining and losing jobs before and after the Great Recession of 2007 is striking. Many counties colored red in the 2001-07 map below (Fig. 1) are green in the 2007-11 map (Fig. 2), and vice versa. The Great Plains, for many years in decline, experienced widespread job growth during 2007-2011. Growth in the nation's heartland likely reflects higher commodity prices and the energy boom. Its sparse population may have insulated this region from the housing bust. Forest-dependent counties bordering Canada may have been affected by low stumpage rates across the border, while rural manufacturing counties in the mid- to eastern side of the country were still in decline after the Great Recession due to the twin forces of recession and global competition.

Total employment in non-metro areas has yet to recover to pre-Great Recession levels. In 2011 there were 850,000 (or nearly 3%) fewer total jobs than in 2007, out of a total of 25.4 million. Furthermore, a dramatic shift occurred in the mix of wage-and-salary jobs and the number of self-employed workers. While wage-and-salary employment was down by 907,000 jobs between 2007 and 2011, self-employment rose by 72,000 jobs.

Self-employment has become more important in the rural economy.

Over the longer period 2001-2011, nonfarm self-employment has become more important in the rural economy, rising from 18% to over 22% of all full- and part-time jobs. Another way of looking at this is that while wage-and-salary employment in 2011 is still below employment in 2001 by nearly 2% (a loss of 350,000 positions), self-employment over this ten-year period shot up by over one-quarter (26% or 1.2 million). Similarly, metro areas saw an increase in total employment of nearly 10 million jobs from 2001-2011, and nearly all of that (9 million) was explained by increases in self-employment.

Total farm employment (proprietors and hired labor) in non-metro areas dropped by 200,000 jobs or 13% between 2001 and 2007, but was virtually unchanged between 2007 and 2011, at about 1.4 million jobs. Farm jobs in non-metro areas represented 5.6% of all full- and part-time non-metro employment in 2011, down from 6.6% a decade earlier. Metro areas also saw a decline of over 200,000 farm jobs, to 1.2 million in 2011, down from 1.4 million in 2001. As a result, metro farm employment fell from about 1% of all metro employment to just 0.8% over the decade. Also, in 2011 total metro farm employment was only about 200,000 below non-metro farm employment (1.4 vs. 1.2 million).

Among all private nonfarm jobs, the largest relative growth in non-metro areas between 2007 and 2011 occurred in mining, which boomed by over 45%. Even so, mining made up only 2.8% of all private employment in 2011. Management

A striking reversal in patterns of job growth and decline between the two time periods: 2001-2007 and 2007-2011.

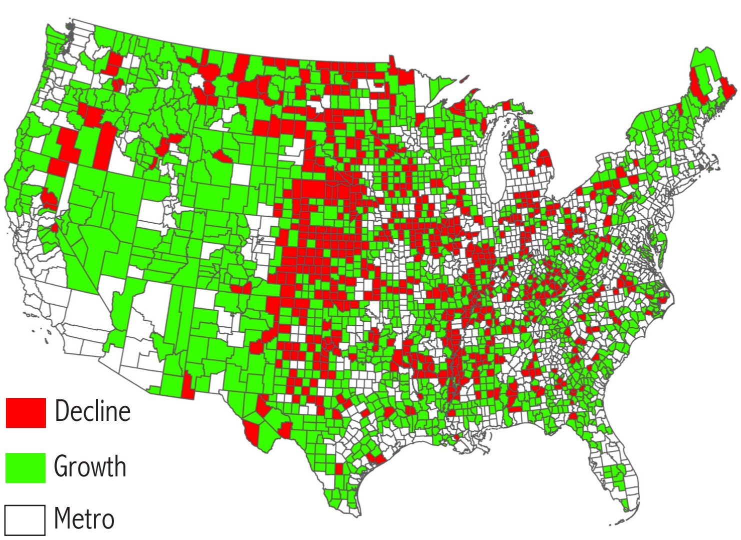

Figure 1: Changes in Non-Metro Full- and Part-Time Employment, 2001-2007.

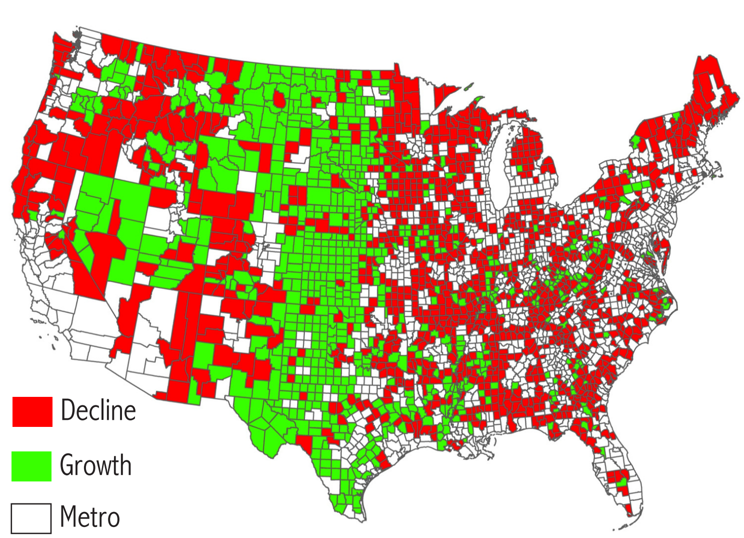

Figure 2: Changes in Non-Metro Full- and Part-Time Employment, 2007-2011.

of companies and enterprises saw growth of 25% between 2007 and 2011, but the industry represents less than 1% of total private non-metro employment. The finance and insurance sector saw growth of 12%; this industry makes up nearly one in every 20 (4.5%) non-metro jobs.

Mining is the fastest growing rural sector, but still makes up only 2.8% of private employment.

In non-metro areas, construction suffered the proportionately greatest job losses (20%) between 2007 and 2011, while manufacturing lost 16% of all jobs. However, because manufacturing in 2001 employed more than two workers for every worker employed in construction, these job losses affected the non-metro economy more strongly. Furthermore, manufacturing jobs shrank from 18% of all non-metro jobs to less than 13%, while the share of construction jobs fell slightly from 8% to 7%. The relative job losses in these two sectors over the period 2001 to 2011 reveal a striking difference: while construction jobs shrank by nearly 7% or 100,000 jobs, manufacturing lost over 900,000 jobs (or 26%).

Retail trade and information industries each saw job losses of about 8%. Retailing is now the largest non-metro private employer, providing 14 out of every 100 jobs, ahead of manufacturing and on par with local government employment.

After retail trade, health care and social assistance now provides the second largest number of non-metro private jobs, ahead of manufacturing by just 2,023 jobs.

Retailing is now the largest non-metro private employer.

For both the shorter period 2007-2011, and the longer view from 2001-2011, non-metro jobs shifted out of the construction, manufacturing, retailing, and information services sectors. In addition to mining, which grew by 85% between 2001 and 2011, real estate, rental and leasing (up 43%); and administrative and waste management services; educational services; and management of companies and enterprises saw the largest growth (each by over 30%). Waste management employs twice as many workers as the mining sector in non-metro areas. Other growing non-metro sectors include finance and insurance; healthcare and social assistance; professional, scientific and technical services; and arts, entertainment and recreation. In rural areas, health care and social assistance now provides more jobs than farming; mining; forestry, fishing and related services; and arts, entertainment and recreation combined.

Policies aimed at accelerating recovery must take into consideration differences in regional performance.

POLICY IMPLICATIONS

The rural economy is complex, with the predominant sectors continuing their shift away from agriculture and manufacturing to other sectors. Recently (2007-11) that shift included job reallocation out of construction and the key services sectors of retailing and information. Rural areas did not experience the Great Recession and subsequent mild recovery equally across the U.S.

Policies aimed at accelerating the slow recovery must take into consideration these differences. Low interest rates may not fuel recovery in investments in those areas that did not experience the run-up in housing prices prior to the bust, but could help manufacturing-dependent rural counties wishing to capitalize on revived US-based manufacturing activity. For areas experiencing high growth rates in extractive industries (mining, etc.), low interest rates could fuel overinvestment.

TECHNICAL NOTES

Data sources: All data were extracted from BEA/REIS on or after January 1, 2013. They represent the most recent data available at the time this brief was prepared.

ABOUT THE AUTHORS

Stephan J. Goetz, Director
Northeast Regional Center for Rural Development
The Pennsylvania State University

Scott Loveridge, Director
North Central Regional Center for Rural Development
Professor, Department of Agricultural, Food, and Resource Economics
Michigan State University

Don E. Albrecht, Director
Western Rural Development Center
Utah State University

Biggest non-metro job losses, 2007-2011

	Change	Jobs Lost
Construction	-20%	364,000
Manufacturing	-16%	480,000
Retail trade	-8%	248,000
Information	-8%	21,000
Other services, except public administration	-5%	84,000

The DATA BRIEFS are published by the National Agricultural & Rural Development Policy Center (NARDeP) and are provided for informational and discussion purposes, and primarily contain factual information; they are not peer-reviewed. Opinions expressed are those of the authors and not the funding agency or their employers. NARDeP was formed by the Regional Rural Development Centers in response to the increasingly contentious and complex agricultural and rural development policy issues facing the U.S. NARDeP is funded by USDA National Institute of Food and Agriculture (NIFA) under a competitive grant (Number 2012-70002-19385), and works with the land-grant college and university system and other national organizations, agencies, and experts to develop and deliver timely policy-relevant information. NARDeP is an affirmative action/equal opportunity employer. For information about NARDeP, visit the website: nardep.info.

RRDC
REGIONAL RURAL DEVELOPMENT CENTERS